

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government			
	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
ASSETS:				
Cash and cash equivalents	\$ 1,096,477	\$ 889,612	\$ 1,986,089	\$ 12,818,355
Investments	3,916,129	-	3,916,129	210,530
Deposits	114,446	-	114,446	-
Taxes receivable	3,305	-	3,305	-
Accounts receivable	1,106,768	213,049	1,319,817	472,446
Other receivables	3,000	-	3,000	-
Prepaid expenses	13,788	-	13,788	25,525
Inventories	182,450	-	182,450	54,531
Due from other governments	1,805,269	-	1,805,269	1,273,493
Other assets	5,818,927	-	5,818,927	-
Restricted assets:				
Investments	-	-	-	493,926
Capital assets:				
Nondepreciable assets	30,222,168	-	30,222,168	390,507
Depreciable assets, net	27,519,528	345,023	27,864,551	81,164,686
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Total assets	71,802,255	1,447,684	73,249,939	96,903,999
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LIABILITIES:				
Accounts payable	928,913	290,343	1,219,256	383,828
Accrued expenses	430,839	-	430,839	7,475,321
Due to other governments	4,652	-	4,652	-
Unearned revenue	118,411	16,443	134,854	1,433,494
Internal balances, net	(189,678)	189,678	-	-
Other liabilities	35,497	-	35,497	-
Non-current liabilities:				
Due within one year	3,505,323	-	3,505,323	985,767
Due in more than one year	37,320,579	-	37,320,579	22,156,840
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Total liabilities	42,154,536	496,464	42,651,000	32,435,250
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NET ASSETS:				
Invested in capital assets, net of related debt	22,018,273	345,023	22,363,296	77,802,231
Restricted	1,262,729	-	1,262,729	44,459
Unrestricted	6,366,717	606,197	6,972,914	(13,377,941)
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Total net assets	\$ 29,647,719	\$ 951,220	\$ 30,598,939	\$ 64,468,749

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF ACTIVITIES

YEAR ENDED June 30, 2012

		Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Net Expense/Revenue	Component Units
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 6,845,879	\$ 769,659	\$ 663,804	\$ 187,000	\$ (5,225,416)	\$ -	\$ (5,225,416)	\$ -
Public Safety	13,214,384	499,870	934,281	-	(11,780,233)	-	(11,780,233)	-
Public Works	4,573,494	283,077	-	572,919	(3,717,498)	-	(3,717,498)	-
Health	456,265	243	-	-	(456,022)	-	(456,022)	-
Social services	133,412	-	-	-	(133,412)	-	(133,412)	-
Primary education	14,109,214	-	-	-	(14,109,214)	-	(14,109,214)	-
Secondary education	1,434,573	-	-	-	(1,434,573)	-	(1,434,573)	-
Library	1,111,050	-	-	-	(1,111,050)	-	(1,111,050)	-
Recreation and culture	1,167,538	69,718	60,939	44,459	(992,422)	-	(992,422)	-
Arts	5,000	-	-	-	(5,000)	-	(5,000)	-
Conservation of natural resources	336,609	64,566	100,300	-	(171,743)	-	(171,743)	-
Economic development	1,172,532	-	939,616	131,659	(101,257)	-	(101,257)	-
Interest on long-term debt	1,118,515	-	-	-	(1,118,515)	-	(1,118,515)	-
Total governmental activities	45,678,465	1,687,133	2,698,940	936,037	(40,356,355)	-	(40,356,355)	-
Business-type activities:								
Broadband supply	140,066	133,815	85,354	-	-	79,103	79,103	-
Recreation	681,819	167,309	467,053	-	-	(47,457)	(47,457)	-
Public Works	814,760	863,618	-	-	-	48,858	48,858	-
Basic Life Support	531,269	1,407,294	-	-	-	876,025	876,025	-
Total business-type activities	2,167,914	2,572,036	552,407	-	-	956,529	956,529	-
Total primary government	\$ 47,846,379	\$ 4,259,169	\$ 3,251,347	\$ 936,037	(40,356,355)	956,529	(39,399,826)	-
COMPONENT UNITS:								
Board of Education of Caroline Co.	\$ 77,354,046	\$ 3,645,468	\$ 11,203,914	\$ 2,029,392	-	-	-	(60,475,272)
Board of Library Trustees of Caroline Co.	1,698,366	35,483	133,200	-	-	-	-	(1,529,683)
Total component units	\$ 79,052,412	\$ 3,680,951	\$ 11,337,114	\$ 2,029,392	-	-	-	(62,004,955)

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF ACTIVITIES
(CONTINUED)

YEAR ENDED June 30, 2012

	Net (Expenses) Revenue and Changes in Net Assets			
	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Total Net Expense/ Revenue	
General revenues:				
Local property taxes	\$ 23,932,023	\$ -	\$ 23,932,023	\$ -
Income taxes	11,088,210	-	11,088,210	-
Other local taxes:				
Recordation tax	977,234	-	977,234	-
School construction excise tax	46,208	-	46,208	-
Mobile home tax	72,833	-	72,833	-
Transfer taxes	304,602	-	304,602	-
State shared general revenue	2,486,371	-	2,486,371	-
Interest and investment earnings	20,076	-	20,076	10,178
Other income	-	-	-	728,103
County and State appropriations	-	-	-	55,348,122
Net transfers in (out)	675,176	(675,176)	-	-
Total general revenues and transfers	39,602,733	(675,176)	38,927,557	56,086,403
Change in net assets	(753,622)	281,353	(472,269)	(5,918,552)
Net assets – beginning	30,401,341	669,867	31,071,208	70,387,301
Net assets – ending	\$ 29,647,719	\$ 951,220	\$ 30,598,939	\$ 64,468,749

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Capital Improvements	Capital Reserve	Special Grants Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,550,456	\$ 739,689	\$ 941,005	\$ 1,728	\$ 779,728	\$ 5,012,606
Deposits	-	114,446	-	-	-	114,446
Receivables:						
Taxes	3,305	-	-	-	-	3,305
Accounts	-	324,573	55,720	268,530	457,945	1,106,768
Other	3,000	-	-	-	-	3,000
Due from other funds	385,223	72,262	438,560	-	507	896,552
Due from other governments	1,708,010	-	-	-	-	1,708,010
Prepaid items	13,788	-	-	-	-	13,788
Material and supplies, at cost	182,450	-	-	-	-	182,450
Other assets	-	-	-	-	634,468	634,468
Total assets	\$ 4,846,232	\$ 1,250,970	\$ 1,435,285	\$ 270,258	\$ 1,872,648	\$ 9,675,393
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 238,204	\$ 272,964	\$ 100,383	\$ 268,530	\$ 48,832	\$ 928,913
Accrued items	430,839	-	-	-	-	430,839
Due to other funds	321,145	98,025	30,240	-	257,380	706,790
Due to other governments	-	-	-	-	4,652	4,652
Deferred revenues	108,297	-	-	-	10,114	118,411
Other liabilities	8,803	-	-	-	26,694	35,497
Total liabilities	1,107,288	370,989	130,623	268,530	347,672	2,225,102
Fund balance:						
Non-spendable	196,238	-	-	-	-	196,238
Restricted	-	-	-	1,728	1,261,001	1,262,729
Committed	-	879,981	1,304,662	-	176,242	2,360,885
Assigned	-	-	-	-	93,166	93,166
Unassigned	3,542,706	-	-	-	(5,433)	3,537,273
Total fund balance	3,738,944	879,981	1,304,662	1,728	1,524,976	7,450,291
Total liabilities and fund balance	\$ 4,846,232	\$ 1,250,970	\$ 1,435,285	\$ 270,258	\$ 1,872,648	\$ 9,675,393

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2012

Total Governmental Fund Balance	\$ 7,450,291
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	57,741,696
Long-term receivables are not available to pay for current-period expenditures and therefore are deferred in the funds	97,175
Prepayment of county pension benefits	2,637,128
Prepayment of OPEB	2,547,331
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(30,875,000)
Loans and notes payable	(5,995,269)
Landfill closure costs	(2,384,652)
Compensated absences which are not due and payable in the current period and, therefore, are not reported in the funds	(1,570,981)
Net assets of Governmental Activities	<u>\$ 29,647,719</u>

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

YEAR ENDED June 30, 2012

	General Fund	Capital Improvements	Capital Reserve	Special Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 36,404,233	\$ -	\$ 304,602	\$ -	\$ 63,662	\$ 36,772,497
License and permits	166,345	-	-	-	243	166,588
Intergovernmental revenues	3,536,847	836,717	-	939,976	389,618	5,703,158
Charges for services	793,343	-	-	-	-	793,343
Miscellaneous revenues	86,120	1,782	1,421	-	574,324	663,647
Total revenues	40,986,888	838,499	306,023	939,976	1,027,847	44,099,233
Expenditures:						
General government	4,851,359	253,180	-	-	335,535	5,440,074
Public safety	11,725,011	15,374	13,842	-	508,295	12,262,522
Public works	3,523,622	659,920	772,879	-	-	4,956,421
Health	452,838	-	-	-	-	452,838
Social services	133,412	-	-	-	-	133,412
Primary education	12,299,444	1,627,683	-	-	-	13,927,127
Secondary education	1,480,604	-	-	-	-	1,480,604
Public Library	1,100,000	-	11,050	-	-	1,111,050
Recreation and parks	742,268	66,780	-	-	69,566	878,614
Arts	5,000	-	-	-	-	5,000
Conservation of natural resources	290,726	-	-	-	-	290,726
Economic development	242,850	-	-	939,976	134,706	1,317,532
Contingency	40,863	-	-	-	-	40,863
Debt Service:						
Principal	3,081,118	-	-	-	-	3,081,118
Interest and fiscal charges	1,118,515	-	-	-	-	1,118,515
Total expenditures	41,087,630	2,622,937	797,771	939,976	1,048,102	46,496,416
Excess (deficiency) of revenues over expenditures	(100,742)	(1,784,438)	(491,748)	-	(20,255)	(2,397,183)
Other financing sources (uses):						
Proceeds from sale of capital assets	-	65,935	-	-	-	65,935
Transfers in / (out)	776,881	73,000	-	-	(90,206)	759,675
Total other financing sources (uses)	776,881	138,935	-	-	(90,206)	825,610
Net change in fund balances	676,139	(1,645,503)	(491,748)	-	(110,461)	(1,571,573)
Fund balances, beginning	3,110,988	2,525,484	1,796,410	1,728	1,635,437	9,070,047
Change in reserve for materials and supplies	(48,183)	-	-	-	-	(48,183)
Fund balances, ending	\$ 3,738,944	\$ 879,981	\$ 1,304,662	\$ 1,728	\$ 1,524,976	\$ 7,450,291

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

Net change in fund balance - Governmental Funds	\$ (1,571,573)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the cost of capital assets which have been capitalized during the current year.	1,766,255
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Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of assets disposed of, less accumulated depreciation.	(523,124)
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Governmental funds report the issuance of debt as income and the repayment of debt as expenditures. However, in the government-wide statements, debt and repayment of debt is reported as a change in a long-term liability.	3,257,642
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Governmental funds report the collection of long-term receivables as revenues. However, in the government-wide statements, these collections are reported as a reduction of long-term receivable.	(16,480)
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Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Decrease in net pension prepaid	(275,061)
Decrease in net OPEB prepaid	(270,280)
Decrease in reserve for materials and supplies	(48,183)
Depreciation expense	(3,072,818)

Net assets of Governmental Activities	\$ (753,622)
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See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2012

	Basic Life Support Fund	Broadband Supply Fund	Other Proprietary Funds	Total
<u>ASSETS:</u>				
Current assets:				
Cash and cash equivalents	\$ 710,760	\$ 108,116	\$ 70,736	\$ 889,612
Accounts receivable	-	21,888	191,161	213,049
Total current assets	710,760	130,004	261,897	1,102,661
Noncurrent assets:				
Capital assets, net	-	315,670	29,353	345,023
Total assets	710,760	445,674	291,250	1,447,684
<u>LIABILITIES:</u>				
Current liabilities:				
Accounts payable	213,259	21,898	55,186	290,343
Due to other funds	-	189,678	-	189,678
Unearned revenue	-	1,976	14,467	16,443
Total current liabilities	213,259	213,552	69,653	496,464
Noncurrent liabilities:				
Long-term debt	-	-	-	-
Total liabilities	213,259	213,552	69,653	496,464
<u>NET ASSETS:</u>				
Invested in capital assets	-	315,670	29,353	345,023
Unrestricted	497,501	(83,548)	192,244	606,197
Total net assets	\$ 497,501	\$ 232,122	\$ 221,597	\$ 951,220

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

YEAR ENDED June 30, 2012

	Basic Life Support Fund	Broadband Supply Fund	Other Proprietary Funds	Total
Operating revenues:				
Charges for services	\$ 1,407,294	\$ 133,815	\$ 1,030,927	\$ 2,572,036
Other income	-	85,354	467,053	552,407
Total operating revenues	1,407,294	219,169	1,497,980	3,124,443
Operating expenses:				
Personnel services	2,389	-	365,130	367,519
Operations and maintenance	528,880	93,659	1,130,952	1,753,491
Depreciation expense	-	46,407	497	46,904
Total operating expenses	531,269	140,066	1,496,579	2,167,914
Operating income (loss)	876,025	79,103	1,401	956,529
Nonoperating revenues (expenses):				
Transfers in (out)	(675,176)	-	-	(675,176)
Change in net assets	200,849	79,103	1,401	281,353
Net assets, beginning of year	296,652	153,019	220,196	669,867
Net assets, end of year	\$ 497,501	\$ 232,122	\$ 221,597	\$ 951,220

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED June 30, 2012

	Basic Life Support Fund	Broadband Supply Fund	Other Proprietary Funds	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,407,294	\$ 130,440	\$ 1,051,093	\$ 2,588,827
Cash received other	-	85,354	467,053	552,407
Cash paid to suppliers	(521,762)	(88,299)	(1,140,684)	(1,750,745)
Cash paid to employees	(2,389)	-	(365,130)	(367,519)
Net cash provided by operating activities	883,143	127,495	12,332	1,022,970
Cash flows from noncapital financing activities:				
Transfers in (out)	(675,176)	-	-	(675,176)
Receipts (payments) from interfund loans	-	(108,000)	-	(108,000)
Net cash used by noncapital financing activities	(675,176)	(108,000)	-	(783,176)
Cash flows from capital and related financing activities:				
Purchases of capital assets	-	(26,563)	(29,850)	(56,413)
Net cash used by capital and related financing activities	-	(26,563)	(29,850)	(56,413)
Net increase (decrease) in cash and cash equivalents	207,967	(7,068)	(17,518)	183,381
Cash and cash equivalents, beginning of year	502,793	115,184	88,254	706,231
Cash and cash equivalents, end of year	\$ 710,760	\$ 108,116	\$ 70,736	\$ 889,612
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 876,025	\$ 79,103	\$ 1,401	\$ 956,529
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	46,407	497	46,904
(Increase)/decrease in accounts receivable	-	(5,351)	16,522	11,171
Decrease in prepaid expenses	-	-	1,000	1,000
Increase/(decrease) in accounts payable	7,118	5,360	(10,732)	1,746
Increase in deferred revenue	-	1,976	3,644	5,620
Net cash provided by operating activities	\$ 883,143	\$ 127,495	\$ 12,332	\$ 1,022,970

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2012

	<u>Agency Funds</u>	<u>Employee Benefit Trust Funds</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 568,415	\$ 1,013,747
Investments at fair value:		
Fixed income	-	9,434,048
Equity funds	-	8,985,001
Total investments at fair value	-	18,419,049
Taxes and other receivables	34,159	-
<u>Total assets</u>	<u>\$ 602,574</u>	<u>19,432,796</u>
<u>LIABILITIES:</u>		
Accounts payable	67,855	-
Due to property owners	369,981	-
Due to other funds	84	-
Due to other governments	162,262	-
Due to participants	2,392	-
<u>Total liabilities</u>	<u>\$ 602,574</u>	<u>-</u>
<u>NET ASSETS:</u>		
Held in trust for participants		\$ 19,432,796

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED June 30, 2012

	Employee benefit <u>Trust Funds</u>
Additions:	
Contributions:	
Plan sponsor	\$ 1,002,439
Employee	50,151
Net realized gain on sale of securities	96,976
Interest, dividends and gains	698,090
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Total additions	1,847,656
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Deductions:	
Benefits paid	1,171,261
Transfers out	101,938
Administrative fees	102,425
Unrealized depreciation in asset value	516,850
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Total deductions	1,892,474
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Change in net assets	(44,818)
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Net assets, beginning of year	19,477,614
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Net assets, end of year	\$ 19,432,796
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See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF NET ASSETS

COMPONENT UNITS

June 30, 2012

	Board of Education of Caroline County	Board of Library Trustees of Caroline County	Total
<u>ASSETS:</u>			
Cash	\$ 12,791,922	\$ 26,433	\$ 12,818,355
Investments	-	210,530	210,530
Accounts receivable	424,551	47,895	472,446
Prepaid expenses	-	25,525	25,525
Other assets	-	-	-
Inventories	54,531	-	54,531
Due from other governments	1,273,493	-	1,273,493
Restricted assets:			
Investments	-	493,926	493,926
Accounts receivable	-	-	-
Nondepreciable assets	390,507	-	390,507
Depreciable assets, net	80,274,936	889,750	81,164,686
Total assets	95,209,940	1,694,059	96,903,999
<u>LIABILITIES:</u>			
Accounts payable	353,867	29,961	383,828
Accrued expenses	7,444,714	30,607	7,475,321
Due to other governments	-	-	-
Deferred revenue	1,424,709	8,785	1,433,494
Accrued compensated absences	-	20,314	20,314
Long-term liabilities:			
Due within one year	985,767	-	985,767
Due in more than one year	22,136,526	-	22,136,526
Total liabilities	32,345,583	89,667	32,435,250
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	76,912,481	889,750	77,802,231
Restricted for:			
Fund purposes	-	44,459	44,459
Unrestricted (deficit)	(14,048,124)	670,183	(13,377,941)
Total net assets	\$ 62,864,357	\$ 1,604,392	\$ 64,468,749

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS

YEAR ENDED June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Board of Education of Caroline County	Board of Library Trustees Caroline County	Total Net Expense/ Revenue
COMPONENT UNITS:							
Board of Education of Caroline County	\$ 77,354,046	\$ 3,645,468	\$ 11,203,914	\$ 2,029,392	\$ (60,475,272)	\$ -	\$ (60,475,272)
Board of Library Trustees of Caroline County	1,698,366	35,483	133,200	-	-	(1,529,683)	(1,529,683)
Total component units	\$ 79,052,412	\$ 3,680,951	\$ 11,337,114	\$ 2,029,392	(60,475,272)	(1,529,683)	(62,004,955)
General revenues:							
County appropriations					12,299,444	1,100,000	13,399,444
State appropriations					41,554,340	394,338	41,948,678
Interest and investment earnings					9,309	869	10,178
Miscellaneous					717,868	15,788	733,656
Total general revenue					54,580,961	1,510,995	56,091,956
Loss on disposal of equipment					(5,553)	-	(5,553)
Change in net assets					(5,899,864)	(18,688)	(5,918,552)
Net assets – beginning					68,764,221	1,623,080	70,387,301
Net assets – ending					\$ 62,864,357	\$ 1,604,392	\$ 64,468,749

See accompanying notes.